

**CITY OF MOSES LAKE**  
**Grant County, Washington**  
**January 1, 1993 Through December 31, 1993**

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**Schedule Of Findings**

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1. The City Should Repay Diverted Funds

- a. The City of Moses Lake adopted Resolution No. 1336 on July 14, 1987, establishing a PERS Trust Fund for the purpose of accumulating money to be used to mitigate the impact of future increases in pension rates. The resolution requires the city to deposit into the trust fund the difference between the state retirement board's actuarial rate applied to the city's payroll costs and the lower legislative rate actually paid to the state.

All city departments with personnel costs, including Street, Water/Sewer and Equipment Rental, have contributed to the trust fund as required. During 1993, the city transferred \$50,000 from the PERS Trust Fund to the Building Maintenance Fund, an action that is contrary to the purpose stated in Resolution No. 1336. As a result, moneys originally appropriated from restricted funds were improperly diverted to the Building Maintenance Fund.

The city felt that including this transfer of money in its 1993 budget was sufficient authority to supersede Resolution No. 1336.

- b. The City of Moses Lake purchased a fire truck during 1993 and ordered additional specialized equipment for the truck in the amount of \$14,053. The city's policy requires that vehicles be purchased by the Equipment Rental and Revolving Fund (ER&R) leased to the applicable department, and that any additional equipment be paid for directly by the department using the vehicle. In this case, the entire truck, including the additional equipment, was purchased by the ER&R Fund, but money was not transferred from the Fire Department to reimburse the ER&R Fund for the equipment. When this was brought to the city's attention during the audit, the city felt it was not worth correcting.

RCW 43.09.210 states:

All service rendered by, or property transferred from, one department . . . shall be paid for at its true and full value by the department . . . and no department . . . shall benefit in any financial manner whatever by an appropriation or fund made for the support of another.

All unexpended balances of appropriations shall be transferred to the fund from which appropriated, whenever the account with an appropriation is closed.

As a result of these practices, the city has diverted restricted funds which were originally

appropriated for other purposes.

We recommend that the Building Maintenance Fund reimburse \$50,000 to the PERS Trust Fund and that the General Fund reimburse \$14,053 to the Equipment Rental And Revolving Fund. We also recommend that any future transfers be made in accordance with RCW 43.09.210.

2. The City Should Not Increase Gambling Taxes To Fund Park And Recreation Activities

The City of Moses Lake discussed increasing the gambling tax from three percent to five percent in its city council meeting of April 13, 1993. Council minutes of that meeting state:

Taxes on gambling is an opportunity for cities to raise funds to provide a better quality of life for its citizens. He (a council member) felt that by increasing the number of parks and playfields in the city it will bring more people into the city and will increase revenue from the sales tax, gas tax, hotel/motel tax, liquor tax, and gambling tax. The Park and Recreation Department has recommended that an additional 10.7 fields would be needed to meet the needs of the city. In order to keep faith with the general population of Moses Lake, it is necessary to provide for these needs.

The city council then passed the ordinance increasing the tax.

RCW 9.46.113 states:

Any county, city or town which collects a tax on gambling activities authorized pursuant to RCW 9.46.110 shall use the revenue from such tax primarily for the purpose of enforcement of the provisions of this chapter by the county, city or town law enforcement agency.

Although the city is not required to spend all taxes collected on gambling enforcement, the city is not authorized to impose the gambling tax for recreation services and facilities.

We recommend that the city impose gambling taxes sufficient to fund the enforcement of the gambling laws and regulations, and not to establish funding for parks and recreation activities.

3. The City Municipal Services Director Should Not Survey, Examine, And Approve Plats

The City of Moses Lake Municipal Services Director is a licensed land surveyor and performs these services in addition to his responsibilities for the city. When he surveys plats within the City of Moses Lake, he certifies the plat as the surveyor, he examines and approves the plat as the City Engineer and again as the Municipal Services Director for the city.

RCW 58.17.160 - Requirements for each plat or re-plat filed for record, states in part:

No engineer who is connected in any way with the subdividing and platting of the land for which subdivision approval is sought, shall examine and approve such plats on behalf of any city, town or county.

The RCW is designed to prevent a conflict of interest. The city should be providing an independent review of the proposed changes. The city was unaware of this statute.

We recommend that the Municipal Services Director cease all activities which conflict with his city duties.